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FM AMEMBASSY TOKYO
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C O N F I D E N T I A L TOKYO 005194

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TREASURY FOR DUVIVIER AND DERGARABEDIAN

E.O. 12958: DECL: 11/08/2017
TAGS: [KTFN](#) [KCRM](#) [EFIN](#) [ETTC](#) [PREL](#) [PTER](#) [JA](#)
SUBJECT: RESPONSE TO: TERRORIST FINANCE: FOLLOW-UP ACTION
REQUEST ON ILLICIT CASH COURIERS

REF: A. SECSTATE 152088
[1](#)B. SECSTATE 16120

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 b and d

[1](#)1. (C) Summary. ICE Attach and FINATT in separate meetings discussed bulk cash smuggling and currency transportation reporting requirements with Ministry of Finance (MOF), Ministry of Foreign Affairs (MOFA) and National Police Agency (NPA) officials. The officials we spoke to are aware of Financial Action Task Force standards, including Special Recommendation IX on Cash Couriers, but acknowledged Japan does not have an effective monitoring regime and Customs officials and other concerned parties lack the statutory authority to combat the threat posed by illicit cash couriers. End Summary.

[1](#)2. (C) Japan's Foreign Exchange and Foreign Trade Law requires travelers entering and departing Japan to report physically transported currency and monetary instruments (including securities, travelers checks, and promissory notes exceeding 1 million yen (approx 8,800 US dollars) or gold weighing in excess of 1 kg to Customs authorities. MOF officials stated they collect about 1000 inbound and 1000 outbound reports each month from all airports and seaports in Japan, which would represent about 20 million US dollars at the minimum reporting threshold. MOF officials told ICE Attach that these forms are passed from Customs to the International Bureau of MOF, but that Customs is not authorized to analyze information on the forms or to capture the information into a database. The form asks for first and last name, signature, nationality, address, and value of transported money or gold, but lacks any numerical identifiers, such as date of birth or passport number. MOF officials also stated that Customs does not attempt to verify the information provided on the forms.

[1](#)3. (C) MOF officials noted to both ICE Attach and FINATT that there are sanctions (up to 6 months jail or 200,000 yen/1750 dollar fine) for filing a false report or failing to report currency in excess or the above amounts. However, the officials we spoke to could not recall any cases that resulted in a penalty or seizure. If cash in excess of the statutory amounts is found, the traveler is simply told he needs to fill out a form, which is two-sided. Although travelers file the currency transportation reports with Customs officials, criminal enforcement is under the jurisdiction of the police. Sources we spoke to say that police officers show little interest in responding to or investigating such violations.

[1](#)4. (C) MOF officials told FINATT that Customs officials can forward suspect cases to the National Police Agency's Financial Intelligence Center (JAFIC), but that this is solely based on the primary Customs officer's recommendation.

The official stated that the lack of an automatic reporting requirement makes it difficult for JAFIC to monitor trends or look for patterns in these transactions.

15. (C) According to the officials we talked to, one possible revision to current legislation under consideration would make bulk cash gained from illegal activity contraband and therefore subject to seizure if imported or exported. Asked by ICE Attach who would resist strengthening the reporting requirement, MOF officials stated there is no open opposition; however, they pointed out technical challenges in writing new regulatory obligations that include conforming new requirements to existing legislation, coordination with other ministries, and the prospects for effective application of any new requirements make revisions difficult and time consuming.

16. (C) Comment: Japan's disclosure obligation for cross-border transportation of bulk cash is perfunctory and efforts to enforce reporting are unmotivated. Officials disclosed privately that the original purpose of Japan's bulk cash reporting requirement was to collect statistical information on cross-border currency movements, rather than an illicit-finance countermeasure. While the relocation of the country's financial intelligence unit from the bank regulators to the national police should prompt more of an enforcement mentality towards the movement of bulk cash, JAFIC officials continue to bemoan their lack of resources relative to their international counterparts.
SCHIEFFER